

THE BEST BUTTER

Daisy Brand

AUSTRALIA'S CHOICEST

Hong Kong

Sunday Herald

THE LARGEST CIRCULATION IN SOUTH CHINA

THE BEST CUP OF ALL



RICKSHAW BRAND
CEYLON TEA

Vol. XV., No. 803 號三廿月七 年玖拾叁百玖仟壹英 HONG KONG JULY 23, 1939. 日七初月六 年卯己次歲 年八拾二國民華中 Price, 10 Cents Per Copy

JAPANESE SMOKE-SCREEN

Terms Of Compromise Formula Still Undisclosed

JAPANESE CABINET APPROVES TEXT OF AGREEMENT

EXACT TERMS OF THE COMPROMISE FORMULA AGREED BETWEEN SIR ROBERT CRAIGIE AND MR. ARITA, PERMITTING ANGLO-JAPANESE NEGOTIATIONS ON TIENTSIN TO PROCEED, REMAIN HIDDEN BY A HEAVY SMOKE-SCREEN OF JAPANESE PROPAGANDA AND SPECULATION.

Anticipations that the position would be clarified yesterday afternoon by publication of a joint communique defining the nature of the preliminary agreement were disappointed.

An apparently authoritative statement issued in London, however, says that Britain has indicated that she is prepared to recognise that war conditions have created an exceptional situation. There is no question, however, of belligerent rights being asked for, or granted.

The British Government is also prepared to give an undertaking to maintain peace and order in British Concessions in North China and that Chinese living therein will not be allowed to engage in anti-Japanese activities. Britain will, however, insist upon full sovereignty in the Concessions.

No mention is made of any further undertakings, although it is stated that the British Government is still awaiting a detailed report from the British Ambassador.

Mr. Neville Chamberlain expects to be in a position to make a statement to the House of Commons to-morrow (Monday) after studying the report from Sir Robert during the week-end.

In Tokyo yesterday, a full meeting of the Japanese Cabinet was held during the morning to study Mr. Arita's report on the conversations and the compromise formula and the preliminary agreement was approved, as it will have to be by the British Cabinet.

Reuter's Tokyo correspondent, announcing endorsement of the "draft principles" agreed on Friday, says that the British Ambassador is awaiting fresh instructions from London before meeting the Japanese Foreign Minister, Mr. Arita, again.

In the meantime, it is expected that the "spot conference" on the Tientsin issues will start in Tientsin to-morrow. Reserve is advisable concerning Japanese reports on the progress achieved, some of which are appended.

Japanese Version of Text

Tokyo, Yesterday. Japanese quarters assert that the following compromise formula has been agreed on between Britain and Japan: "Britain and Japan both realise that the situation at Tientsin is completely abnormal in view of the hostilities between Japan and China; Britain will not permit any measures which would endanger the position of the Japanese army and she will refrain from supporting Japan's enemies; Britain will moreover take measures for the maintenance of law and order in Tientsin."

It is declared that agreement in principle on the general questions which formed the background of the Tientsin conflict will be followed by a discussion of the various special questions concerning the situation at Tientsin.

The negotiations concerning these questions will be conducted by Mr. Katoh Tanaka on behalf of Japan, and Sir Robert Craigie on behalf of Britain, as well as by the latter and Mr. Arita.

The general plan for the regulation of Tientsin questions will be drafted in Tokyo, but the settlement of details will probably be left to the Anglo-Japanese conference to be held at Tientsin.

UTILISABLE BASIS

Tokyo, Yesterday. Well-informed political circles here describe the results hitherto obtained by the Anglo-Japanese conversations as having furnished a "utilisable basis for further discussions."

The same quarters nevertheless warn against taking an exaggerated view of British conciliatoriness and point out that the concessions made have been balanced by counter claims.

It is believed that in course of the coming negotiations the question of a Central Chinese Government will be raised and the Ambassador Sir Robert Craigie, is expected to insist also in this case on the maintenance of British rights.

Japan's fundamental demand is for British recognition of the fact that a "state resembling that of war" exists in China and consequently for strict neutrality on the part of Britain.

(Continued on Page 28)

LONDON TEST OF AIR RAID INVENTION

London, Yesterday. A total black-out of London's dockland will take place to-morrow night when a new kind of lighting will be tested, which, it is claimed, will be invisible from the air. All ordinary lights will be put out, but ships unloading will carry on with the new lighting.—Reuter.

DANZIG'S GOLDEN SECRETS

London, Yesterday. Close attention is being paid in London to financial manipulation in Danzig which it is thought may bear some relation to the political crisis. It has been noted that the gold cover for Danzig currency which a few months ago was 78 per cent, has recently dropped to 38 per cent. Should the gold reserves, as officially disclosed, fall below the legal 30 per cent, it is conceivable that a currency crisis might be "allowed to develop" and economic troubles be exploited to justify demands for a change in Danzig's status. It has not been overlooked, however, that while ostensibly, the gold reserve of Danzig has fallen substantially, the secret reserves have been heavily increased.—Reuter Bulletin.

Japan Will Regret

London, Yesterday. The view that Japan is beginning to realise that she is on a losing venture in China, was expressed by Mr. J. T. Ford, former Treasurer of the Shanghai Municipal Council, on his arrival in London to-day to take up a financial appointment in the City.

Mr. Ford declared: "Japan will regret her attack on China. She is deliberately trying to embroil Great Britain in the conflict to give her an excuse to get out of the whole thing."

"Although there will be tremendous difficulties to contend with, I think China will recover. I think Great Britain should help her recover." —Reuter.

DEATH OF BISHOP

Shanghai, Yesterday. After 53 years of activity in China, the oldest German Bishop in the Far East, Bishop Hennrich, died at Yenchowfu, in Shantung, on Friday night at the age of 77.

Despite the conflicts that have taken place in Shantung in recent years, the Bishop kept to his old routine, working unrelentingly among his own people and not relaxing his activity even during the difficult time when guerrilla warfare was at its height.—Trans-Ocean.



Spirit of the Past: How much longer are you expected to put up with that little gutter-snipe, now?

Cloudburst Havoc In England And Germany

London, Yesterday. Thunderstorms of almost tropical intensity caused considerable damage in many parts of Britain to-day. Houses were damaged by lightning in London and in many towns in the provinces. Flooded streets brought traffic to a standstill in many towns in the Midlands, the West of England and Wales.

Incessant rain flooded the tents of 2,000 Territorials undergoing their annual training at Okehampton, in Devon, and the men had to sleep in barns and other emergency accommodation. A school in Birmingham containing 350 children was struck by lightning but no-one was injured.

A cloudburst at Glasgow caused extensive flooding of the south side of the city.

In Devon, torrential downpours caused a sudden rise of 14 feet in the river level, flooding surrounding villages.

Families had to be rescued from their homes by ladders, and several men were seen swimming out of their own front doors.

Nature also ran wild on the Continent.

GERMAN DEVASTATION

Hail storms totally destroyed a harvest area of 750 square miles in the Bavarian Alps. Germany's most important dairy region.

An accompanying whirlwind uprooted big trees and took the roofs off houses.

Mountain streams were converted into raging torrents, flooding the fields to a depth of three feet. Many cattle were drowned.—Reuter.

DELUGE IN N.E. TURKESTAN

Istanbul, Yesterday. Torrential rains have been pouring down for days in the region of north-east Turkistan, and the deluge has been particularly heavy at Erzerum.

Damage is reported to have been widespread. Several bridges have been swept away and various towns cut off.

However, only eight lives have been lost, chiefly when houses collapsed.—Trans-Ocean.

ANTI-BRITISH MOVEMENT TO GO ON

Tokyo, Yesterday. The anti-British movement in Japan is to continue, according to well-informed circles. The Home Minister, Marquis Kido, reported on the movement to the Premier, Baron Hiranuma, after this morning's special Cabinet session.—Trans-Ocean.

TUNIS SWELTERS IN SIROCCO

Tunis, Yesterday. TERRIFIC heat is reported from Tunis where a sirocco has been blowing for the last eight days.

The heat is so terrific by day and night that it is practically impossible for the native population to find any sleep.

Such is the tremendous demand for ice that in spite of a trebling of production, the shops are unable to satisfy needs.

The police have been forced to post special guards outside the premises of ice dealers in order to control the crowds who, in view of the shortage of the coveted article, are threatening to storm the shops.—Trans-Ocean.

TURKEY ASKS FOR HUGE CREDIT

Istanbul, Yesterday. Negotiations for a further credit for the purchase of armaments between Turkey and Britain are in progress.

Turkey is asking for a credit of £58,000,000.—Trans-Ocean.

Canberra, Yesterday. Mr. R. G. Menzies, the Australian Premier, is conferring with Trade Union leaders concerning Labour's objection to the National Register.—Reuter.

HONG KONG SUBMARINE HIT BY OWN TORPEDO!

BEING struck by one of their own torpedoes was the unique experience of the crew of a submarine attached to the China Squadron.

The submarine submerged while on manoeuvres off Weihaiwei, recently and fired a torpedo.

Instead of proceeding in a straight line, the torpedo, probably owing to the jamming of its gyroscopic gear, travelled in a circle and struck the submarine, which was just below the surface. Fortunately, the missile was fitted with a dummy head and no serious damage was done.

The head caught in the conning tower, and the torpedo was "lost at sea."

Slight damage, it is understood, was done to the periscope, and the submarine returned to Hong Kong a day or two ago for repairs.

NANKING ANTI-BRITISH PARADE

Nanking, Yesterday. After a lecture on Anglo-Japanese relations by Lt. Col. Mabuchi, director of the army press bureau in Central China, 4,000 Japanese residents in Nanking this morning staged an anti-British mass meeting.

The meeting adopted a resolution "condemning" British practices detrimental to establishment of a new order in the Far East.

A parade in motor-cars through the streets of Nanking, during which anti-British handbills were distributed, closed the demonstration.—Trans-Ocean.

DECISIVE BATTLE PENDING

Chungking, Yesterday. The Japanese in south-east Shansi have crossed the Sui River and at present are advancing eastward on Chungking.

A decisive battle is expected shortly near this town, according to Chinese reports.—Reuter.

BALLOON BARRAGE TESTS

London, Yesterday. London's balloon barrage system is to be subjected to severe tests shortly.

Beginning next Friday, exercises with the barrages will be continuous day and night until August 5.

The balloons will form a great circle round the metropolis.—Reuter Bulletin.

SPECIAL ROLEX BARGAIN PRICES TO CLEAR STOCKS!

For a limited period all Rolex Watches will be sold less 20%. To clear certain models we list below the even greater reduction which is offered. And remember, irrespective of price every Rolex wrist watch sold is fully guaranteed.

WRIST WATCHES	NORMAL PRICE	SPECIAL PRICE
Solid Gold Standard Oyster	\$175.00	\$140.00
Steel & Gold Oyster	\$200.00	\$160.00
Staybrite Rolex Prince	\$175.00	\$140.00
Staybrite Rolex Prince Jumping Figures	\$190.00	\$152.00
Solid Gold Prince	\$220.00	\$176.00
Solid Gold Rolex Dauphin	\$250.00	\$200.00
Gents. Chrome Rolex Marconi	\$30.00	\$24.00
Gents. Chrome	\$45.00	\$36.00
Gents. Staybrite	\$155.00	\$124.00
Gents. Staybrite Square	\$150.00	\$120.00
Ladies' 18ct. White Gold & Diamond Wrist Watch	\$370.00	\$296.00

ROLEX
ALL MODELS LESS 20%
LANE, CRAWFORD, LTD.